

The Welfare Effects of Greenbelt Policy: Evidence from England

Abstract:

I measure the economic effects of greenbelts that prohibit new construction beyond a predefined urban fringe and therefore act as urban growth boundaries.

I focus on England, where 13% of the land is designated as greenbelt land.

I estimate a quantitative general equilibrium model that includes amenities, traffic congestion in commuting, agglomeration forces, productivity and household location choices.

To identify causal effects of greenbelt land, I construct counterfactual greenbelts or focus on areas <1km of greenbelt boundaries.

I show that greenbelt policy generates substantial positive amenity effects, but also strongly reduces housing supply.

Overall, greenbelts imply a substantial welfare loss because of reductions in housing affordability.

Hans Koster
University of Amsterdam